

Financial Markets Daily

Main drivers for the financial markets today...

- **Stock markets, government bond yields, and USD up. Stock indices pick up and risk appetite improvement extends after yesterday's relief rally. Sentiment is also supported today by a dovish bias from the central bank of Japan. Specifically, Uchida from the BoJ said they won't raise rates when markets are unstable. Separately, investors shift back their focus to the earnings season**
- **Today's agenda only includes the release of consumer credit figures for June in the US. On the monetary policy front, Susan Collins of the Boston Fed will speak**
- **According to an NPR/PBS News/Marist Poll, Kamala Harris has 51% of voting intentions, while Trump has 48%. Meanwhile, as far as vice presidential candidates are concerned, an ABC News/Ipsos poll showed that many Americans do not know who Walz, Harris's running mate, is**
- **Trade tensions between China and the US could deepen as the latter could impose limits on sales of vehicle software from the Asian country**

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Winners of the award as the best economic forecasters in Mexico by LSEG in 2023



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The most relevant economic data...

	Event/Period	Unit	Banorte	Survey	Previous
Germany					
2:00	Industrial production* - Jun	EURbn	--	21.5	24.9
United States					
15:00	Consumer credit* - Jun	US\$bn	--	10.0	11.4

Source: Bloomberg and Banorte. (P) preliminary data; (R) revised data; (F) final data; * Seasonally adjusted, ** Seasonally adjusted annualized rate.

A glimpse to the main financial assets

	Last	Daily chg.
Equity indices		
S&P 500 Futures	5,327.50	1.2%
Euro Stoxx 50	4,642.53	1.5%
Nikkei 225	35,089.62	1.2%
Shanghai Composite	2,869.83	0.1%
Currencies		
USD/MXN	19.27	-1.6%
EUR/USD	1.09	-0.1%
DX	103.19	0.2%
Commodities		
WTI	74.99	2.4%
Brent	78.24	2.3%
Gold	2,404.64	0.6%
Copper	398.30	-1.1%
Sovereign bonds		
10-year Treasury	3.93	4pb

Source: Bloomberg

Equities

- Widespread gains in main stock indices and the VIX falling. Investors appear calmer as dip-buying continues following Monday's significant sell-off and with corporate earnings sending some mixed signals
- Futures in the US anticipate a positive opening with the S&P500 trading 1.2% above its theoretical value, while the Nasdaq advances 1.3%. In Europe, the Eurostoxx is up about 1.7%. In Asia, we also observed positive closings, highlighting the recovery in Japan's stock markets, with the Nikkei rising 1.2%
- Among today's corporate earnings results, Disney stands out with figures that exceeded expectations and the streaming business generating profits for the first time ever. In contrast, CVS lowered its full-year earnings outlook for a third quarter and announced cost-cutting measures

Sovereign fixed income, currencies and commodities

- Pressures on sovereign bonds with European benchmarks averaging losses of 6bps and a steepening bias prevailing as longer maturities underperform. Treasuries follow this dynamic with the long-end pressured up to 5bps. Today, the US will be auctioning the 10-year note
- The dollar advances indices, mixed across both G10 and EM currencies. Within G10, the JPY stands out with a depreciation of just under 2% following dovish comments from the BoJ. This benefits popular carry trades such as the MXN, which appreciates by 1.6% to 19.27, halting 4 sessions of depreciation that accumulated losses of 3% month to date
- Commodities are mixed, with oil rising alongside other energy assets, awaiting today's DOE inventory data. Copper falls as an increase in Asian inventories underscores weak demand in the region

Corporate Debt

- Moody's Local Mexico affirmed its 'AA+.mx' rating on the GASA 24-2 bond that Grupo Fonderia intends to issue for up to MXN 700 million. The rating reflects the issuer's credit profile together with the additional credit strength conferred by the partial guarantee of up to 50% of the principal amount granted by IDB Invest
- Moody's Local Mexico assigned an 'AAA.mx' rating to Grupo Aeroportuario del Pacífico's proposed issuance, GAP 24, for up to MXN 5.0 billion. The rating reflects GAP's strong competitive position in a heavily regulated industry with very high entry barriers

Previous closing levels

	Last	Daily chg.
Equity indices		
Dow Jones	38,997.66	0.8%
S&P 500	5,240.03	1.0%
Nasdaq	16,366.85	1.0%
IPC	52,399.63	1.2%
Ibovespa	126,266.70	0.8%
Euro Stoxx 50	4,575.22	0.1%
FTSE 100	8,026.69	0.2%
CAC 40	7,130.04	-0.3%
DAX	17,354.32	0.1%
Nikkei 225	34,675.46	10.2%
Hang Seng	16,647.34	-0.3%
Shanghai Composite	2,867.28	0.2%
Sovereign bonds		
2-year Treasuries	3.98	5pb
10-year Treasuries	3.89	10pb
28-day Cetes	10.86	-17pb
28-day TIIE	11.23	-1pb
2-year Mbono	10.47	7pb
10-year Mbono	9.78	6pb
Currencies		
USD/MXN	19.59	1.2%
EUR/USD	1.09	-0.2%
GBP/USD	1.27	-0.7%
DX	102.97	0.3%
Commodities		
WTI	73.20	0.4%
Brent	76.48	0.2%
Mexican mix	68.10	0.3%
Gold	2,390.82	-0.8%
Copper	402.70	0.7%

Source: Bloomberg

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